

Panel 2: Changes in Force Composition

Chair: Christopher Jehn

Panelists: Aline Quester, Edwin Dorn, Susan Everingham

Christopher Jehn introduced the panel members.

Susan Everingham offered comments on three areas based on efforts of colleagues at RAND. The three areas were a description of the current force structure, societal trends, and the implications of these trends.

The size of the military force is determined externally, and over time the enlisted to officer ratio has fallen from 9 to 1 to 5 to 1. The number of generalists has also decreased substantially in favor of more technical skills. There is an increase in education among the senior enlisted, which has been driven by occupations and technology (not by the All Volunteer Force (AVF)).

There are four societal trends to note.

1. In 1980 under 50% of American youth went to college. That number is now 65%. This trend has been encouraged by increasing returns to getting a college education.
2. Women have an increased presence in the labor force. This is true in both the military and civilian sectors. Racial trends in the services have been noted in the conference background papers.
3. The use of technology has grown. This is a permanent change and is significant as the need for technical skills is increasing.
4. There are real budgetary constraints on military spending. We can't afford everything that we would like and many of the manpower initiatives have been fiscally motivated.

There are four implications of these trends.

1. The services must recruit from the college ranks if they want to fill the ranks with high quality people. But it is not clear which part of the college market (bachelors or associates degree, or college dropouts) we should target.
2. There is a convergence of the officer and enlisted ranks. Technical expertise is not appropriately valued in the current career system. We must consider lateral entry to obtain already trained technicians. A new system of personnel management requires a whole new compensation structure.
3. We have done well at integrating women and minorities, but must continue the effort. Opportunities for women have been opened so that 67-80% are now available to women, although some jobs remain restricted. The effect on readiness, cohesion and morale is not zero, but studies show that any effect is offset by leadership and training. Minorities are underrepresented in Special Operations Forces (SOF) and among officers. SOF is underrepresented apparently because minorities tend to join the military to obtain marketable skills. Promotion and retention of minority officers did change, but promotion rates to O-4 are the same for both minority and majority populations.

4. Family and not just the service member are decisive with respect to retention. Spouse employment is important. PCS moves do have an effect on spouses and therefore on retention. The military needs to address this issue.

Aline Quester noted that we have never really solved the productivity puzzle. We don't know yet how people substitute for each other. Thus, it's very difficult for us to specify the optimal experience mix.

In terms of the population we can draw from in the future, the U.S. used to have a population pyramid (of age groups, with the largest number at young ages and smaller numbers of elderly). This will soon be a population column. We don't know what will happen with this transition, when 18-24 year olds will be a smaller proportion of the U.S. population. Diversity is growing, particularly in the 18-24 year old population, so that in 2030 this age group will be half minority. There are other trends that may affect the way we recruit. It used to be that there was an established order to normal lifestyle changes. People graduated from school, got a job, got married and had children in that order. These events are all happening at different times (mostly later) and sometimes even in different order than before.

There are currently three different retirement plans for the military depending on when the member joined the service. Those who joined the military 1 August 1986 or later are under the third plan. Under this plan, members choose between the High Three retirement plan or a \$30,000 continuation bonus at 15 years of service and REDUX retirement. This is a difficult choice. CNA has developed a briefing that addresses this issue by thinking of the REDUX option as a loan. Each situation (rank, age, and years of service at retirement) yields an implied interest rate for this "loan".

Edwin Dorn began his comments with the remark that the AVF "working well, and I am not happy about it." He perceives that the success of the AVF has allowed us to avoid issues. The AVF has slowly expanded the role of women and has not drawn attention to the racial composition of the force. In particular the absence of young white males in the service and the prominence of black women has not been noted. Downsizing issues let us avoid the question of whether or not there are better ways to manage people.

When he was in office (as Under Secretary of Personnel and Readiness) three years ago he knew that he had been mortgaging the future. DoD at that time shifted funds from modernization into O&M to maintain force size and readiness. But trouble loomed because of a robust labor market and a rising cohort of potential enlistees that were less interested and available to the military. He has been surprised at how easily the services have turned around this problem, and considers it a commendable accomplishment of the current leadership. But we can't go on mortgaging the future, he warned, because the \$30-50 billion needed for modernization is not available.

The services have to balance bills for quality of life, health care and promised benefits. The only way to get these funds is to shrink the force. The US still spends many times more than our allies and adversaries. We need to define the threat and our defense needs

in the future. Defense Secretary Les Aspin moved to define the threats and then establish the capabilities required to face them. But there is no end to the threats perceived.

We can't do everything, from contingencies to chemical and biological threats to missile defense. We have to think money first (about \$300B) and then figure out how to divide it to get the best result. We should then tell the services what to do in the Defense Planning Guidance. Four short-term items to maintain current capabilities include:

1. Stop unconditional college assistance.
2. Reconsider prohibitions against lateral entry.
3. Reconsider use of categories of people (women).
4. Improve resource allocation.

Dorn concluded by reiterating that the success of the AVF has allowed us to defer addressing these important issues.